



Director of
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COLOMBIA-VENEZUELA: Action Against Arms Trafficking

//The reported agreement between Colombia and Venezuela to establish a joint task force to patrol the Gulf of Venezuela reflects their concern over the increase in arms trafficking to leftist guerrillas.// [redacted]

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The patrols formalize the cooperation that has existed since 1979, when Caracas increased its coastal surveillance following reports of drug activity in the area. Since then, the Guajira Peninsula has become a major point of entry for supplies destined for insurgent groups operating both in the border area with Venezuela and in southern Colombia. [redacted]

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Comment: //The sources of the arms are uncertain, but most probably are procured from the international arms market. Cuba may provide some financing. Havana has provided training to Colombian insurgents, and both Colombia and Venezuela are concerned that Cuba is planning additional support for them.// [redacted]

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//Although Colombian security forces have improved their capabilities to interdict such shipments, they probably stop only a small percentage. The numerous points of entry along the sparsely populated Guajira coast multiply the problems for the security forces. Local drug traffickers apparently cooperate by either purchasing arms or using their drug networks to move supplies to the insurgents.// [redacted]

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MEXICO: Peso Devalued

The floating of the overvalued peso Wednesday will reassure international bankers by slowing the overheated Mexican economy, but the move will intensify inflationary pressures and spur illegal migration. []

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The float caused an immediate 25- to 30-percent fall in the value of the peso against the dollar on foreign exchange markets. The action was necessitated by the growing overvaluation of the peso and the slowing growth of oil exports, which were pushing the current account deficit above an unprecedented \$11 billion in 1981, and by the growing flight of capital. The foreign debt had reached \$60 billion, and international lenders were increasingly wary of issuing large new loans to Mexico. []

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Comment: The depreciation of the peso--and other austerity moves expected soon--will ease Mexico's mounting foreign payments problems by cooling the overheated economy, slowing the rapid growth of imports, and curbing capital flight. Other problems will increase, however, as inflationary pressures intensify with the growing cost of imported goods. Illegal migration will rise, because US wage levels are now even higher, and Mexican economic growth is bound to slow. []

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President Lopez Portillo probably took the action to save his handpicked successor the political embarrassment of devaluing the peso later this year. []

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EL SALVADOR: Election Observers

//The decision by the OAS and the UK to send observers to witness the elections on 28 March enhances the credibility of the government's electoral plan.//

In the OAS vote on Tuesday, 19 members voted in favor and none dissented. Mexico, Grenada, and Trinidad and Tobago abstained, however, and four other members--including Nicaragua and Panama--were absent.

//The vote preceded by one day the British acceptance of San Salvador's invitation to send observers. Prospects elsewhere in Western Europe have diminished over the past few weeks, however, as disagreements with the US over negotiating with the insurgents have been aggravated by press reports of human rights abuses by government troops.//

//Some 13 nations so far have indicated either to San Salvador or Washington their intention to send officially designated observers. In addition to the UK and some Latin American nations, they include Egypt, Israel, and Japan. Foreign political parties and labor organizations also will be represented.//

Comment: The OAS position is a significant departure from its usual practice of avoiding controversial involvement in the domestic affairs of member nations. The vote, which follows the organization's overwhelming endorsement in December of the Salvadoran election plan, demonstrates the growing resolve of most Latin American nations to resist Communist subversion. The decisions by Mexico and Grenada to refrain from opposing the majority suggest their reluctance to underscore publicly their growing isolation in the region.

//Despite the British decision, Canada reportedly will not send observers, and the odds are slim that other NATO countries will participate. The effectiveness of insurgent propaganda appears to have been particularly telling in West Germany, where the governing parties have backed away from previous statements that they would send representatives to observe preparations for the elections//.

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CHINA: Reform and the Army

Vice Chairman Deng Xiaoping apparently intends to extend his sweeping personnel changes to the Army's central bureaucracy, where reservations continue about his political program.

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In a recent article in the *Liberation Army Daily*, Chief of Staff Yang Dezhi--one of Deng's allies--enjoined the Army to keep pace with civilian reforms by instituting comprehensive reforms in the military. He called for an overhaul of the military's "confused" political and administrative institutions, a weeding out of older and less able officers, and increased emphasis on professionalism.

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Comment: The article may be an attempt to help build support for bureaucratic reform in the military and to convince potential opponents of the futility of resistance. Deng and his associates realize that there are interrelated problems in reforming the party, government, and Army bureaucracies and may want to tackle them simultaneously.

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The lack of authoritative press commentary and indications of recent high-level meetings suggest that the leadership is still working out the particulars of the overall reorganization and that Deng will have to move cautiously. By pressing forward, he risks providing an issue that disgruntled party, state, and Army officials--despite widely divergent views on other matters--can unite around to slow reform.

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The Army currently does not constitute a dangerous, unified opposition to Deng's policies, but its reform poses special problems. Deng is determined to implement a major reorganization that will eliminate politically suspect officers who oppose his policies and succession arrangements. As he plans his moves, however, he will be depending on the Army as the ultimate guarantor against potential disruptions that could be provoked by his modernization program.

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JAPAN: Reconnaissance Satellite Proposed

//A special committee of the ruling Liberal Democratic Party has proposed that Japan acquire a photoreconnaissance satellite to provide timely information to its intelligence agencies.//

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//The primary mission of the satellite, according to the Tokyo press, would be to monitor Soviet military movements in the Far East. Prime Minister Suzuki is favorably disposed toward the idea as long as it does not provide a seriously adverse reaction by the public.//

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//The press states that the Defense Agency is concerned that reconnaissance support provided by the US might not be timely enough for its needs. The agency also dislikes relying on US decisions on what information should be released to Japan.//

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Comment: //The proposal probably reflects a continuing desire to develop domestic capabilities in advanced military technology--in addition to the stated need for independent intelligence--particularly when such technology would improve Japanese economic capabilities. Photoreconnaissance technology could be used to improve satellite systems used for economic purposes--studying earth resources, observing the sea, and supporting telecommunications. Japan probably will compete with the US and Europe by orbiting such systems for other nations, perhaps by the end of the decade.//

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//The satellite proposal may be intended to persuade the US to allow access to photoreconnaissance technology. Tokyo may cite US interest in acquiring Japanese technology with military applications as a tactic in seeking such access.//

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//A strong domestic or international reaction could kill the proposal. The US attitude toward the proposal, in particular, would have a major influence. The head of the special committee will be visiting the US next week with an economic delegation and may try to sound out US attitudes.//

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NIGERIA: Coup Plotters Arrested

//Nigerian security officials arrested a wealthy northern Muslim businessman and several junior and non-commissioned officers late last week for alleged coup plotting. This is the first known detention of dissident lower ranking military personnel in nearly four years.

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Comment: The security service's nervousness about plotting since the coup in Ghana last December could have been a factor in the arrests. The quick containment of this plot reflects the difficulty of organizing a coup in the tribally disparate Nigerian military. Although there is some dissatisfaction among the poorly paid lower ranks in the military, it is generally satisfied with the progress of civilian rule.

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GREECE-CYPRUS: Papandreou-Kyprianou Meeting

Cypriot President Kyprianou is traveling to Athens today for what the Cypriot Government describes as "urgent" consultations with Prime Minister Papandreou about the Cyprus problem. Kyprianou's sudden trip comes almost one week before Papandreou's scheduled visit to Cyprus--the first ever by a Greek Prime Minister. [REDACTED]

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Comment: Papandreou rescheduled his trip to Cyprus once before, probably because of concern about repercussions in Ankara and in the UN-mediated negotiations between Greek and Turkish Cypriots, and he may be seeking a way of delaying it again. Although the Greek Government has attempted to dampen speculation about negative developments, the meeting could signal the beginning of a joint effort to bring the Greek case before the UN and other international bodies. This could lead to a breakdown in the intercommunal talks. [REDACTED]

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SPECIAL ANALYSIS

PAKISTAN: Moves Toward Civilian Rule

//President Zia is cautiously easing political restrictions in an effort to begin transforming his military government into a civilian regime.

Zia almost certainly hopes to take advantage of the current disarray of the opposition parties. Zia and his advisers probably expect that by acting now they will be better able to prevent pressure for change from becoming uncontrollable.

//Many officers worry that a growing public perception of corruption in the military government reduces public confidence in the Army and weakens its ability to defend the country. Some senior officers also have criticized government policies to control inflation, which threatens to erode the economic gains made under Zia.

The President probably will use command and staff reassignments to strengthen his position and allay Army Staff.

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Federal Advisory Council

The initial public response to the appointment late last year of the Federal Advisory Council--which has no legislative powers and is certainly dependent on Zia--appears favorable. Although Zia has not yet attracted any prominent opposition figures into the Council, the membership broadly represents most major ethnic social, and economic interests. [redacted]

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Members of the Council might even provide Zia--who lacks a personal following--with a political constituency if he attempts to perpetuate his rule. If the Council does prepare the way for elections, some opposition leaders will seek to back Zia rather than risk political oblivion. [redacted]

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[redacted]

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[redacted] Most members want to preserve the economic progress achieved under Zia and probably support his preference for a cautious, step-by-step return to civilian rule.// [redacted]

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Zia, however, has taken a chance in setting up the Council. If public opposition to his regime becomes more open, he could have difficulty preventing the Council from becoming either a center of dissent or an ineffective body riven by parochialism. [redacted]

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The Opposition

//Zia's initiatives in forming the Council and easing press censorship have stolen a march on the opposition. Some politicians are testing the limits of censorship while others are renewing efforts to expand the Movement for the Restoration of Democracy, the opposition alliance.// [redacted]

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//The Pakistan People's Party is the main component of the alliance. Moderate leaders of the party have urged its nominal leader, former Prime Minister Bhutto's widow, to soften her confrontational policies, which isolate the opposition grouping politically.//

//The alliance also has been courting Islamic groups, particularly the major religious party that backs Zia. Such groups, however, remain suspicious of the People's Party.//

//Although the emergence of a coalition would seriously threaten the regime, current efforts in that direction probably will be to no avail as long as economic conditions remain good and public opposition is inhibited by a common need to unite against a Soviet threat from Afghanistan.//

Opposition leaders have been unable to capitalize on student and tribal tensions, but Islamabad is extremely sensitive to threats of subversion among minorities. Recent student riots in Sind were easily controlled, but the presence of 2 million Afghan refugees in the North West Frontier Province has fostered increased incidents between refugees and the local population. The Government fears that Soviet and Afghan infiltration of Pakistani separatist groups increases the prospects for violent opposition.

Outlook

//Zia aims eventually to create a civilian government that would operate within policy boundaries set by the military, but which would have broader public support than the current regime. He might succeed if he can put together a coalition of powerful interest groups and retain both the Army's support and the goodwill of the Federal Advisory Council.//

//The President and the Army know that the process of transforming the regime could misfire or get out of control. Consequently, they will attempt to maintain the Council as the main vehicle for change and keep the opposition parties from gaining the initiative. If the political tide should turn against Zia, his most likely successor would be another general who would ensure protection of the Army's interests.

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